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FISCAL IMPACT STATEMENT

LS 6240 **NOTE PREPARED:** Nov 15, 2002
BILL NUMBER: SB 248 **BILL AMENDED:**

SUBJECT: University bonding authority for energy savings.

FIRST AUTHOR: Sen. Alting **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL** **IMPACT:** State
DEDICATED
FEDERAL

Summary of Legislation: This bill permits state universities and colleges to issue bonds for up to $20,000,000 per campus for qualified energy savings projects. (Current law limits each university or college to $10,000,000 for all campuses of the university or college.)

Effective Date: July 1, 2003.

Explanation of State Expenditures: The bill would increase the limit on the debt issuance for qualified energy projects from the current $10 M per university to $20 M per campus. Indiana University has seven campuses in its system, while Purdue University has four regional campuses.

Two universities report using the qualified energy saving bonds. Purdue had an outstanding balance of $8,107,817 on June 30, 2002, and the University of Southern Indiana had a balance of $1,101,724. Indiana University is in the process of approving a $2 M project for Indiana University Northwest. The project has been approved by the Board of Trustees, and they have received bids.

The bond would have no state fiscal impact since the state would not pay fee replacement and the bond should be financed from energy savings.

These projects would still be required to be reviewed by the Commission for Higher Education and approved by the Governor before the project could be started or the land purchased.

Under current law, capital projects must be reviewed by the Commission on Higher Education and approved by the Governor if the cost is greater than $200,000. For projects to construct buildings or facilities with a cost greater than $500,000 in value and paid by state-appropriated funds or student fees, the project must be reviewed by the Commission on Higher Education and approved by the Governor and the General Assembly. (IC 20-12-5.5-2(a)(1)).

To pay for the costs of capital projects, universities may issue and sell bonds so long as the bonds are supported by mandatory fees that are assessed on all students and approved by the General Assembly (IC 20-12-5.5-4). The General Assembly may appropriate fee replacement monies for the replacement of student fees dedicated to pay the principal and interest costs of bonds as approved by the General Assembly (IC 20-12-5.5-5).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Universities.

Local Agencies Affected:

Information Sources: Kevin Green, Purdue University; Bob Holmes, IVY Tech; Tom Morrison, Ball State University; Cindy Brinker, University of Southern Indiana; Diann McKee, Indiana State University.

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